



December 23, 2010

Board of Governors of the Federal
Reserve System
Attn: Jennifer J. Johnson, Secretary
20th Street and Constitution Avenue, NW
Washington, DC 20551
Submitted electronically via www.federalreserve.gov

Re: Regulation Z; Docket No. R-1390

DHI Mortgage Company, Ltd. (“DHIM”) appreciates the opportunity to comment on the Board’s proposed rule to amend Regulation Z, which implements the Truth in Lending Act (TILA), and the staff commentary to the regulation, regarding the comprehensive review of TILA’s rules for home-secured credit.

DHIM is a subsidiary of D.R. Horton, Inc., the largest homebuilder in America by units closed for the last eight consecutive years. DHIM employs approximately 500 people in 22 states, while D.R. Horton employs approximately 2,500 employees across the country. The primary mission of DHIM is to facilitate the financing and sale of new D.R. Horton homes, and provide a fair price, quality loan product, and excellent service experience for every consumer. D.R. Horton and DHIM consumers are primarily first time and first time move-up homebuyers.

DHIM generally supports the proposed rule but would like to respond to the Board’s solicitation for comments on the proposal to provide consumers with a right to a refund of fees imposed during the three business days following the consumer’s receipt of early disclosures for closed-end loans secured by real property or a dwelling.

DHIM had previously taken the initiative to minimize the collection of upfront fees. An exception to this relates to extended interest rate locks for our new construction borrowers and other borrowers closing more than 60 days from the lock date. DHIM offers locks for terms of 60 days or less without an upfront fee. Locks securing rates for longer than 60 days are subject to upfront lock in fees to compensate for additional risks associated with longer term locks. In order to offer the extended locks, DHIM collects an up-front fee from the borrower to secure the

rate for 90, 180 and even 360 days. This is not a net revenue generating opportunity for DHIM as the fee is used to compensate for additional risk or is passed in full to the investor. While the new construction borrower doesn't always pursue a lock at application, our records indicate that approximately 30% of those requesting an extended lock do so at application.

If the Board's proposal is passed as written, DHIM would be forced to deny the borrower's request for an extended rate lock until the 3 day window had passed. The decision to choose the extended lock fee option is solely at the discretion of the borrower and not a lender requirement. It is unreasonable to ask the lender to refund a fee used to offset a cost incurred by the lender or charged by the investor at the request of the borrower.

While DHIM understands and agrees with the Board's desire to ensure that borrowers do not feel obligated to proceed with a certain lender, we believe that initiating a restrictive covenant which would discourage lenders from offering the borrower the opportunity to secure a particular loan rate, would be a disadvantage to a borrower in a volatile rate market. The result could lead to borrowers paying significantly more in interest costs over the life of the loan.

We ask the Board to consider extended lock fees used to offset a cost to be exempt from the three day mandatory refund proposal.

DHIM appreciates the opportunity to provide comments, pose questions and request clarification regarding the interim final rule.

Sincerely,


Craig Pizer

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